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November 1, 2004

Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

Drop Box  
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NOV 01 2004

PUBLIC SERVICE  
COMMISSION

RE: *In the Matter of the Investigation Into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator*  
Case No. 2003-00266

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and five color copies of the PowerPoint presentation made by Mr. Martyn Gallus during the informal conference at the Commission's Office on October 26, 2004. An electronic copy in a pdf file format will be circulated by email to the parties of record and Commission Staff.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,



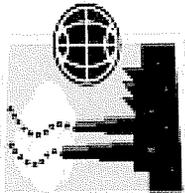
Kendrick R. Riggs

KRR/ec

Enclosures

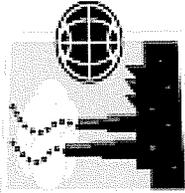
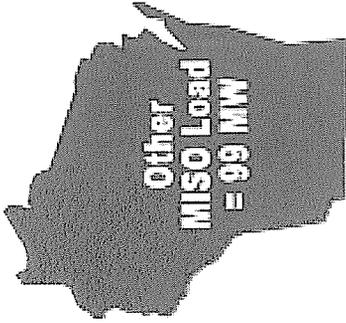
cc: Parties of Record  
Elizabeth Cocanougher, Esq.

# MISO, Day 1: No Congestion



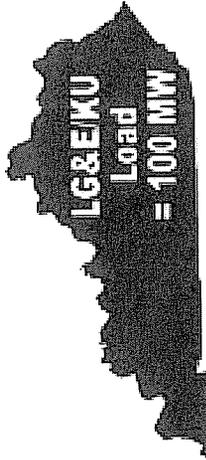
## Other MISO Generation

	Capacity	Cost
Gen D	50MW	@ \$ 10
Gen C	50MW	@ \$ 6



## LG&E/KU Generation

	Capacity	Cost
Gen B	50MW	@ \$ 3
Gen A	100MW	@ \$ 1



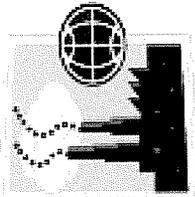
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LG&ENERGY

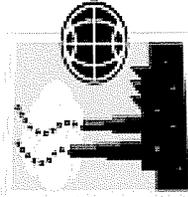
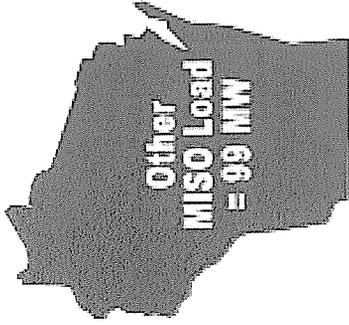
# MISO, Day 1: No Congestion



## Other MISO Generation

Capacity	Cost
50MW	\$ 10
@	@
50MW	\$ 6
@	@

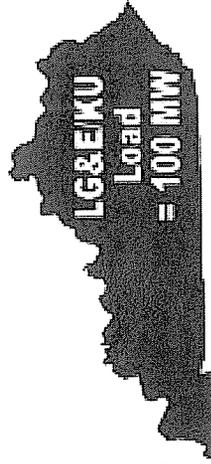
Gen D  
Gen C



## LG&E/KU Generation

Capacity	Cost
50MW	\$ 3
@	@
100MW	\$ 1
@	@

Gen B  
Gen A



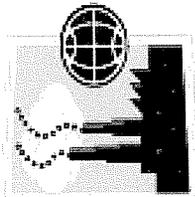
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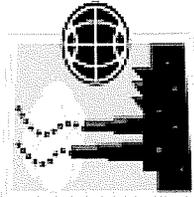
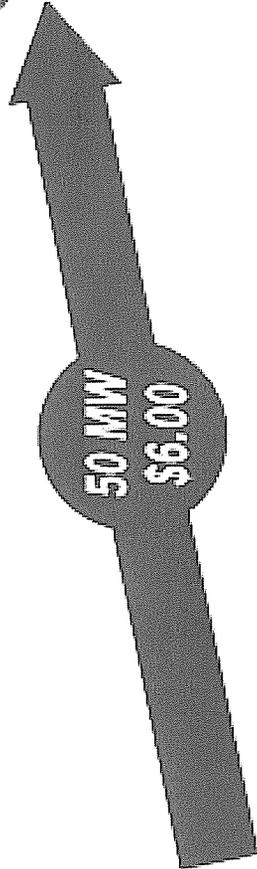
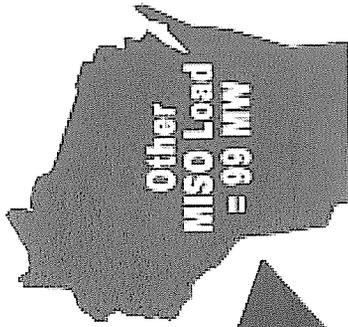
LG&ENERGY

# MISO, Day 1: No Congestion



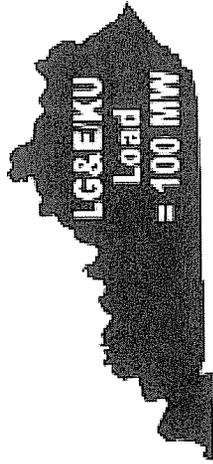
## Other MISO Generation

Capacity	Cost
Gen D 50MW @ \$ 10	
Gen C 50MW @ \$ 6	



## LG&E/KU Generation

Capacity	Cost
Gen B 50MW @ \$ 3	
Gen A 100MW @ \$ 1	



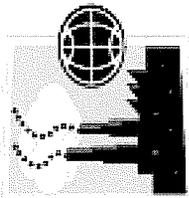
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LG&ENERGY

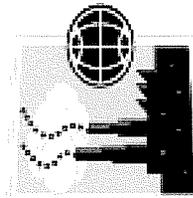
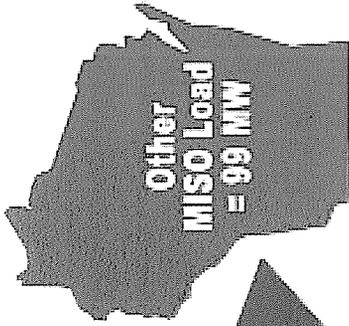
# MISO, Day 1: No Congestion



## Other MISO Generation

Capacity	Cost
50MW	\$ 10
@	@
50MW	\$ 6
Gen D	
Gen C	

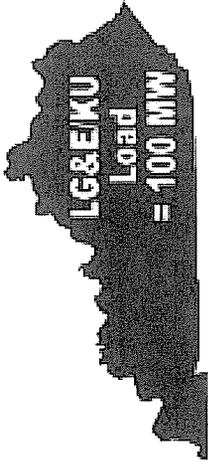
49 MW of generation to load



## LG&E/KU Generation

Capacity	Cost
50MW	\$ 3
@	@
100MW	\$ 1
Gen B	
Gen A	

50 MW  
\$6.00



100 MW of generation to load

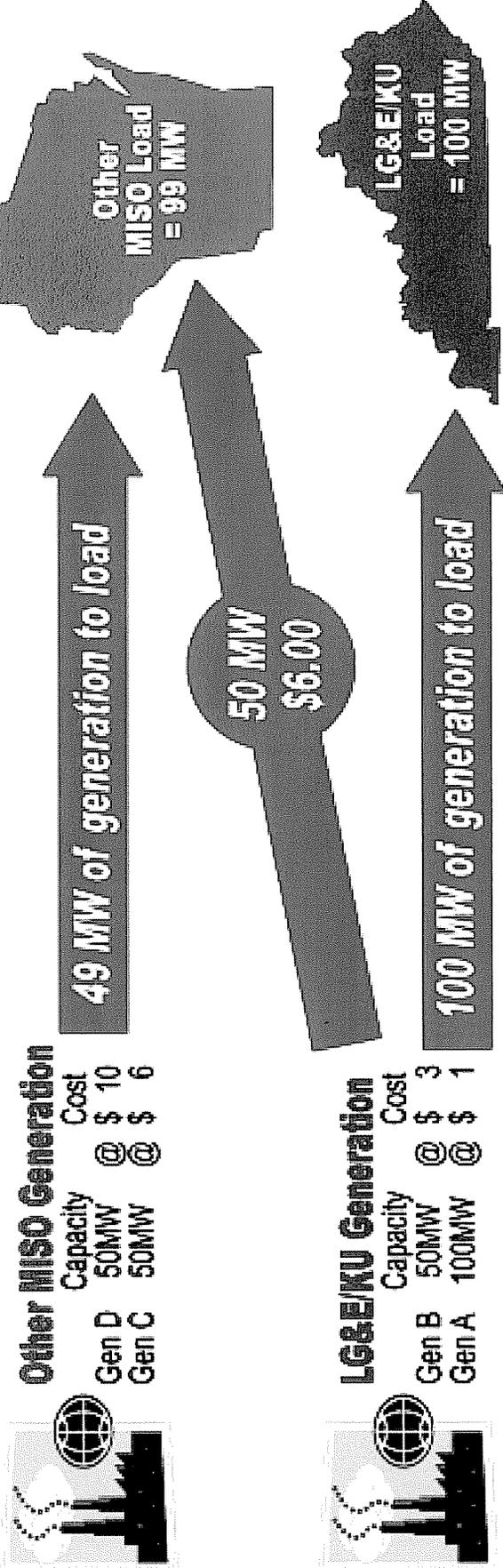
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LG&E ENERGY

# MISO, Day 1: No Congestion



**Other MISO Generation**  
 Capacity 50MW @ \$ 10  
 Gen D  
 Capacity 50MW @ \$ 6  
 Gen C

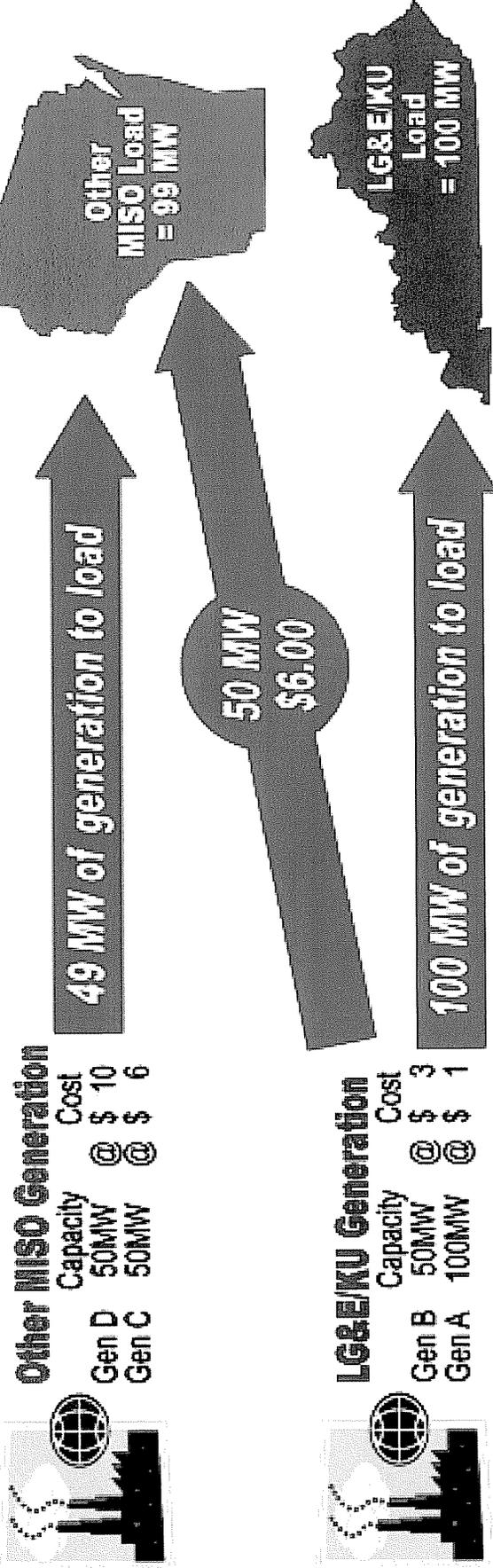
**LG&E/KU Generation**  
 Capacity 50MW @ \$ 3  
 Gen B  
 Capacity 100MW @ \$ 1  
 Gen A

## Current AFB Source Stack

	MW	
Gen. A	100	\$1.00
Gen. B	50	\$3.00
Off-System Purchases		

**LG&ENERGY**

# MISO, Day 1: No Congestion



## Current AFB Source Stack

	MW	
Gen. A	100	\$1.00

Gen. B	50	\$3.00
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Off-System Purchases		
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## Current AFB Sink Stack

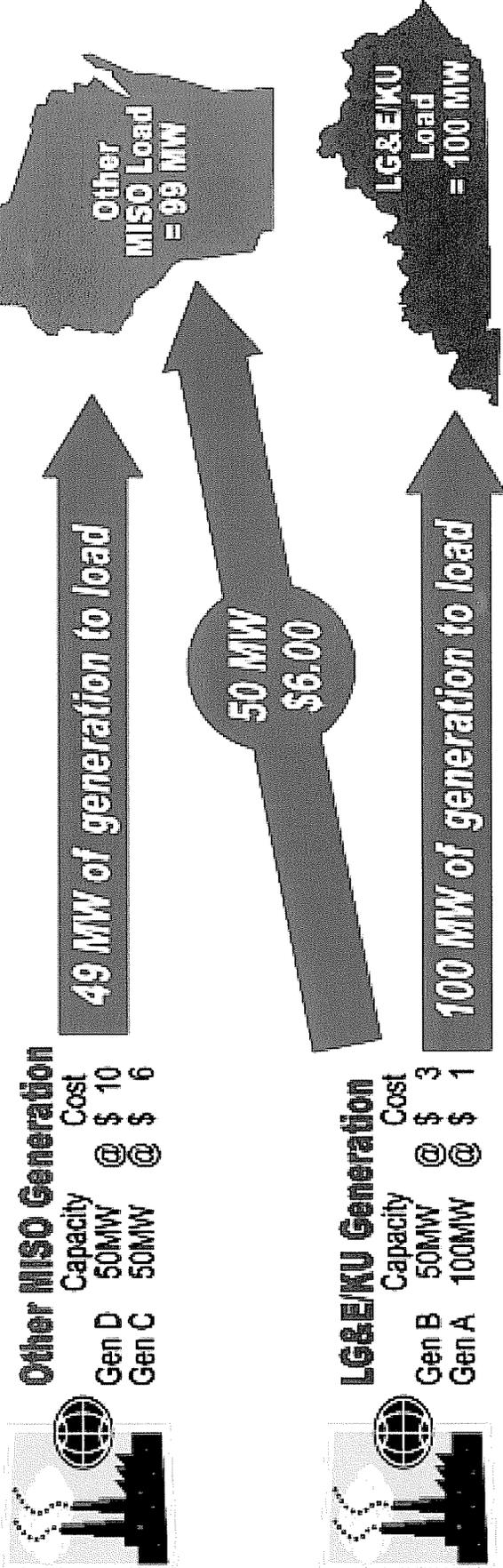
	MW
LG&E/KU Load	100

	Price	Revenue
Off-System Sales	50	\$300.00

No FTR in Day 1		\$0.00
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**LG&ENERGY**

# MISO, Day 1: No Congestion



**Other NISO Generation**  
 Capacity Cost  
 Gen D 50MW @ \$ 10  
 Gen C 50MW @ \$ 6

**LG&E/KU Generation**  
 Capacity Cost  
 Gen B 50MW @ \$ 3  
 Gen A 100MW @ \$ 1

## Current AFB Sink Stack

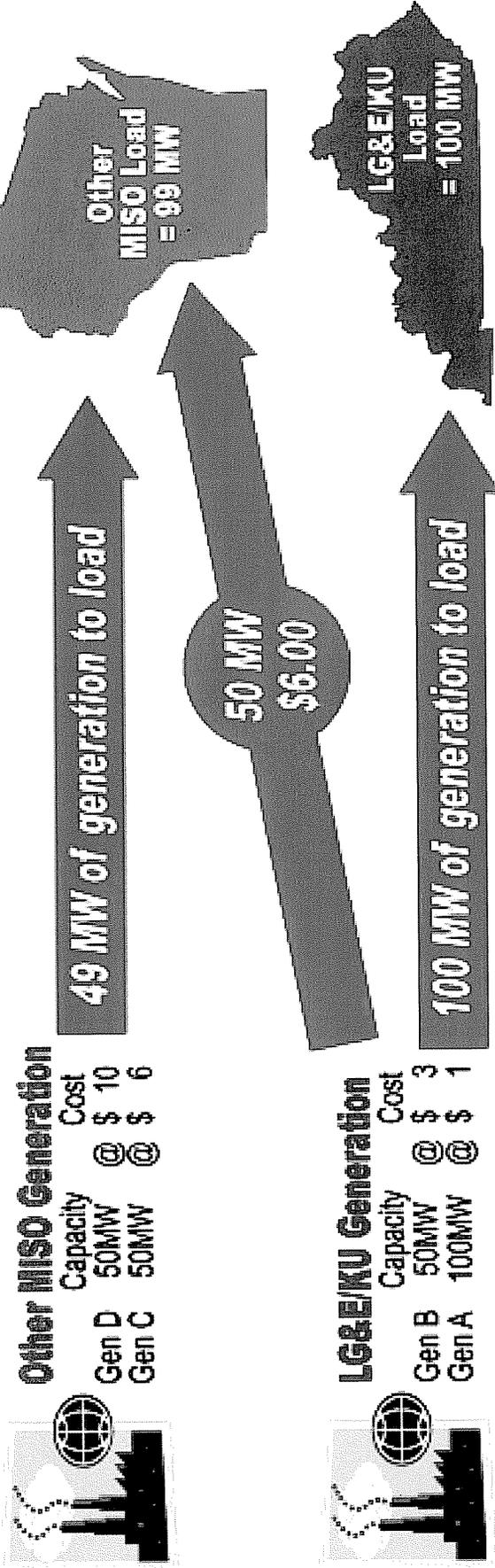
	MW	Price	Revenue
LG&E/KU Load	100		
Off-System Sales	50	\$6.00	\$300.00
No FTR in Day 1			\$0.00

## Current AFB Source Stack

	MW	Price
Gen. A	100	\$1.00
Gen. B	50	\$3.00
Off-System Purchases		



# MISO, Day 1: No Congestion



## Current AFB Source Stack

	MW	Price	Revenue
Gen. A	100	\$1.00	
Gen. B	50	\$3.00	
Off-System Purchases			

## Current AFB Sink Stack

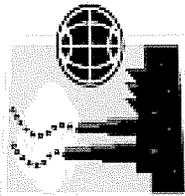
	MW	Price	Revenue
LG&E/KU Load	100		
Off-System Sales	50	\$6.00	\$300.00
No FTR in Day 1			\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$100.00
Off-System Sales Profit	\$150.00

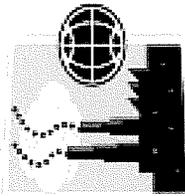
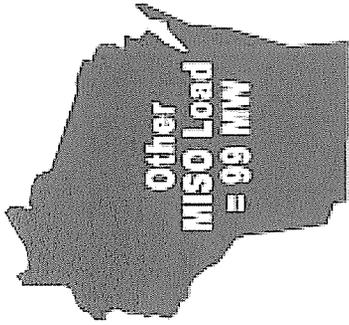
**LG&ENERGY**

# MISO, Day 2: No Congestion



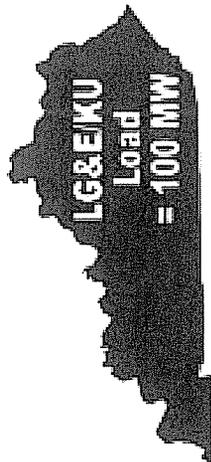
## Other MISO Generation

Capacity Cost  
 Gen D 50MW @ \$ 10  
 Gen C 50MW @ \$ 6



## LG&E/KU Generation

Capacity Cost  
 Gen B 50MW @ \$ 3  
 Gen A 100MW @ \$ 1



### Current AFB Source Stack

	MW	Price	Revenue
Gen. A	100	\$1.00	
Gen. B	50	\$3.00	
Off-System Purchases from MISO			

### Current AFB Sink Stack

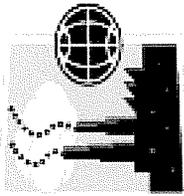
	MW	Price	Revenue
LG&E/KU Load	100		
Off-Sys. Sales to MISO	50	\$6.00	\$300.00
No FTR in Day 1			\$0.00

### Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$100.00
Off-System Sales Profit	\$150.00

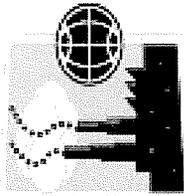
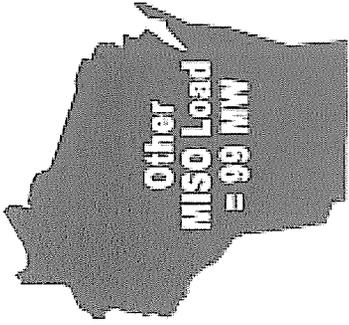
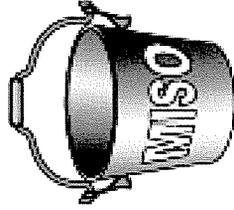


# MISO, Day 2: No Congestion



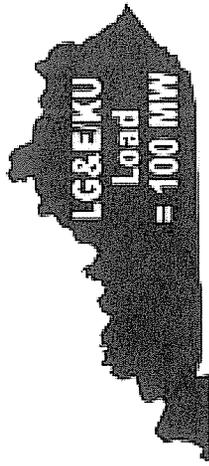
## Other MISO Generation

Gen D 50MW @ \$ 10  
Gen C 50MW @ \$ 6



## LG&E/KU Generation

Gen B 50MW @ \$ 3  
Gen A 100MW @ \$ 1



## Current AFB Source Stack

	MW	
Gen. A	100	\$1.00

Gen. B	50	\$3.00
Off-System Purchases from MISO		

## Current AFB Sink Stack

	MW	
LG&E/KU Load	100	

	Price	Revenue
Off-Sys. Sales to MISO	50	\$6.00
No FTR in Day 1		

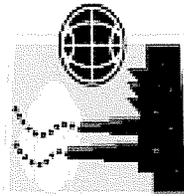
## Current AFB Results

LG&E/KU Recover **\$100.00**  
through FAC and Base Rates

Off-System Sales Profit **\$150.00**

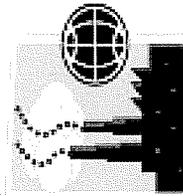


# MISO, Day 2: No Congestion



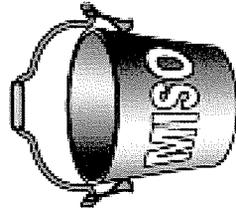
## Other MISO Generation

Capacity Cost  
 Gen D 50MW @ \$ 10  
 Gen C 50MW @ \$ 6

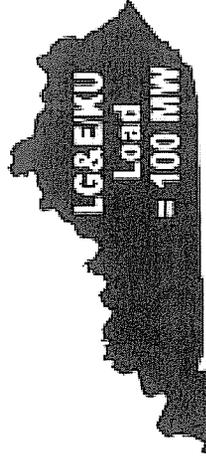
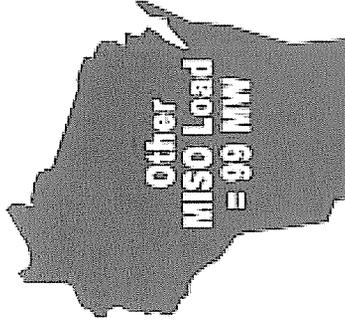


## LG&E/KU Generation

Capacity Cost  
 Gen B 50MW @ \$ 3  
 Gen A 100MW @ \$ 1



150 MW



## Current AFB Source Stack

	MW	
Gen. A	100	\$1.00

Gen. B	50	\$3.00
Off-System Purchases from MISO		

## Current AFB Sink Stack

	MW	
LG&E/KU Load	100	

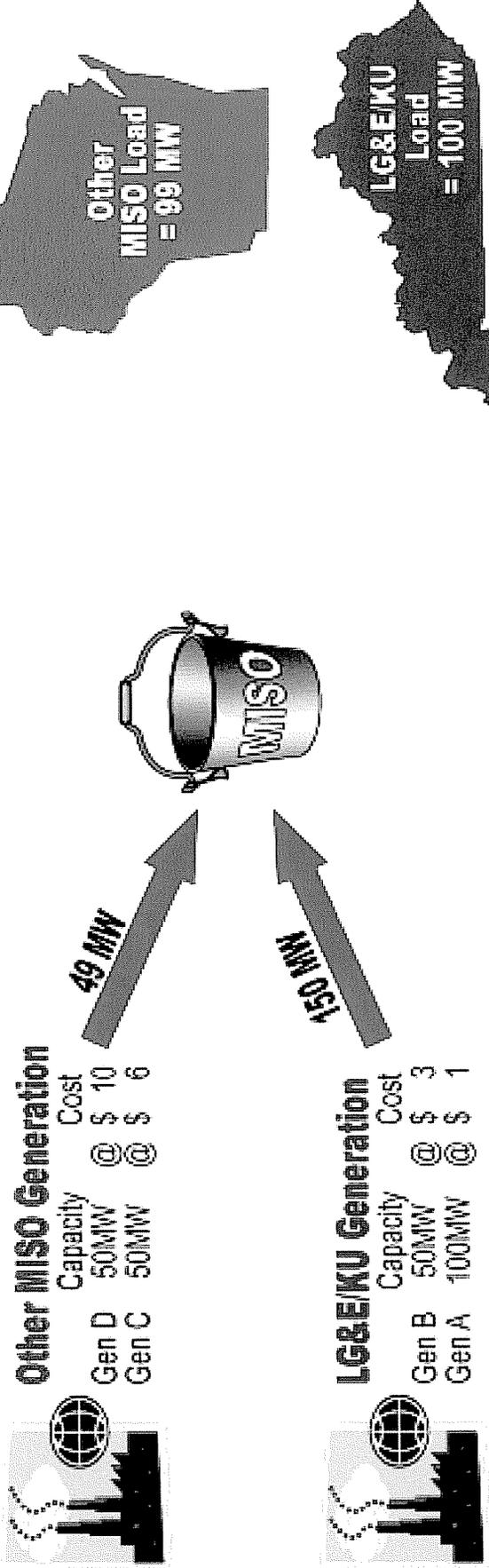
	Price	Revenue
Off-Sys. Sales to MISO	50	\$6.00
No FTR in Day 1		

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$100.00
Off-System Sales Profit	\$150.00



# MISO, Day 2: No Congestion



## Current AFB Source Stack

	MW	
Gen. A	100	\$1.00
Gen. B	50	\$3.00
Off-System Purchases from MISO		

## Current AFB Sink Stack

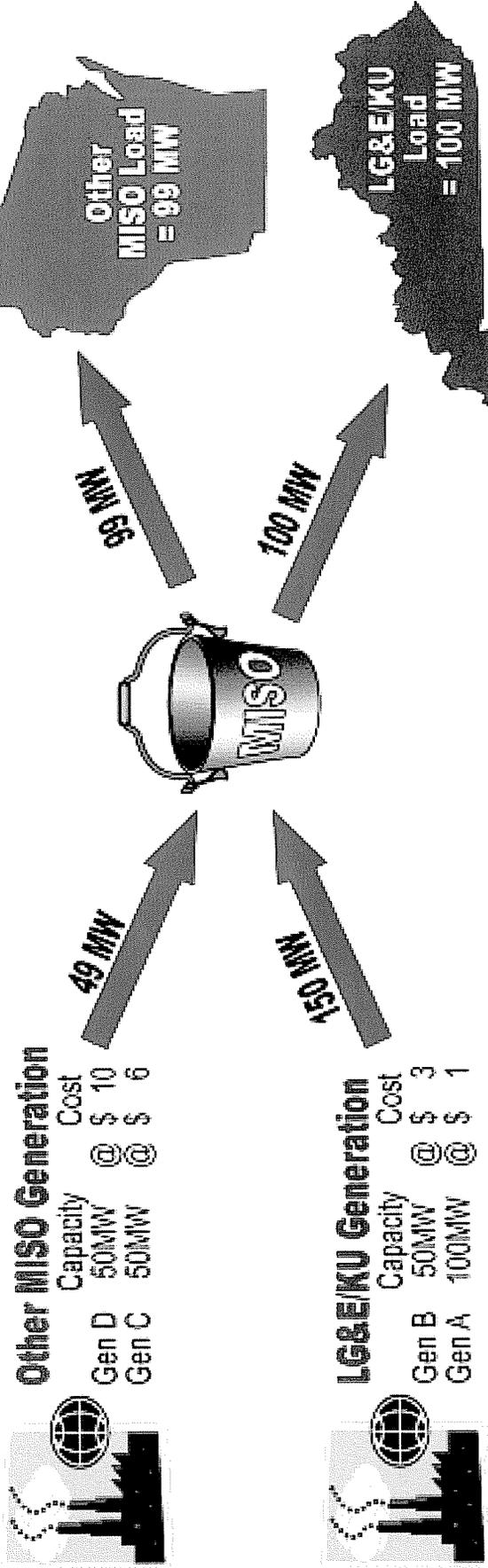
	MW	
LG&E/KU Load	100	
Price Revenue		
Off-Sys. Sales to MISO	50	\$6.00
Off-Sys. Sales to MISO	50	\$300.00
No FTR in Day 1		\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$100.00
Off-System Sales Profit	\$150.00

**LG&ENERGY**

# MISO, Day 2: No Congestion



## Current AFB Source Stack

	MW	Price	Revenue
Gen. A	100	\$1.00	
Gen. B	50	\$3.00	
Off-System Purchases from MISO			

## Current AFB Sink Stack

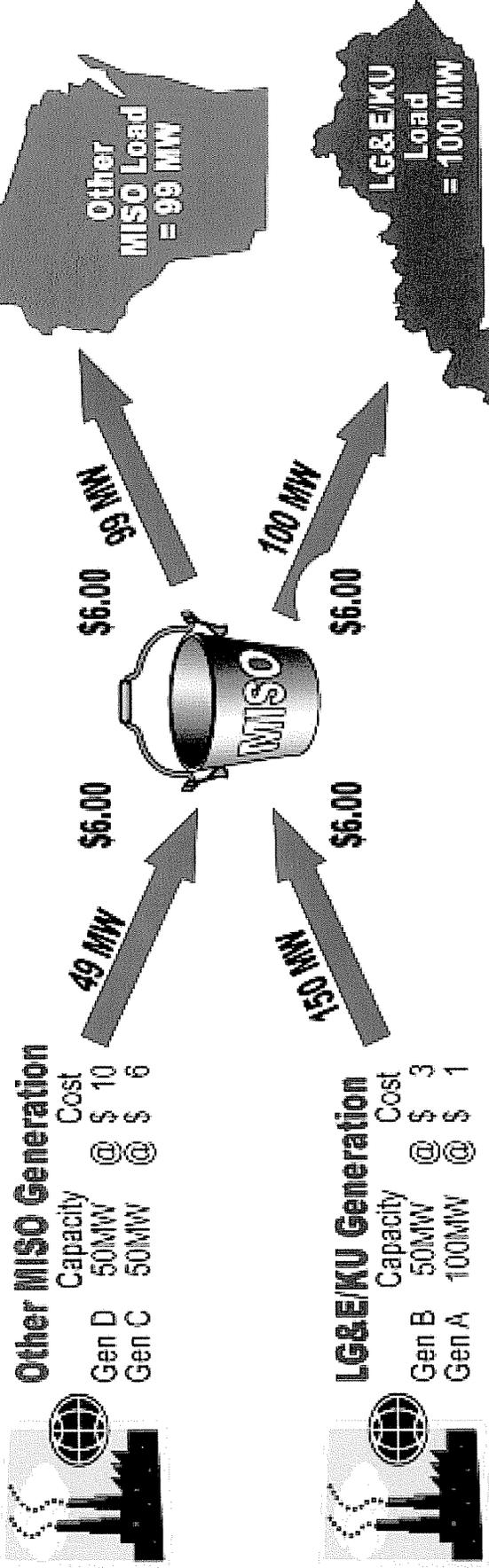
	MW	Price	Revenue
LG&E/KU Load	100	\$6.00	\$300.00
Off-Sys. Sales to MISO	50	\$300.00	
No FTR in Day 1			\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$100.00
Off-System Sales Profit	\$150.00

**LG&ENERGY**

# MISO, Day 2: No Congestion



## Current AFB Source Stack

	MW	
Gen. A	100	\$1.00
Gen. B	50	\$3.00
Off-System Purchases from MISO		

## Current AFB Sink Stack

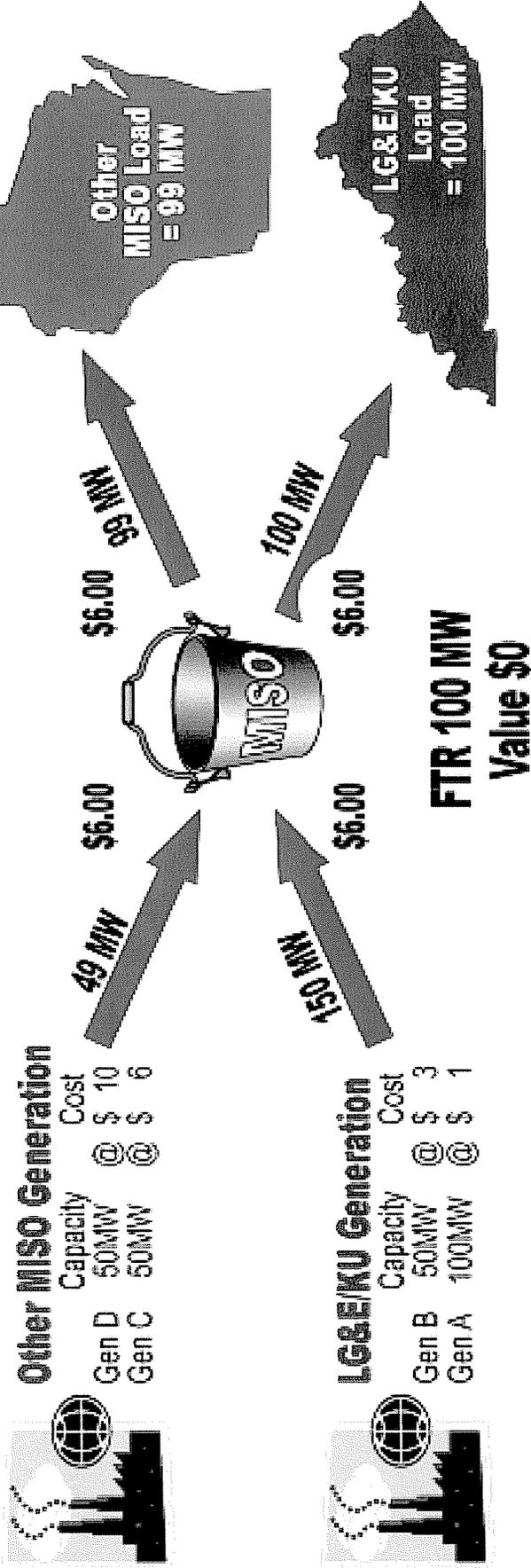
	MW	Price	Revenue
LG&E/KU Load	100	\$6.00	\$300.00
Off-Sys. Sales to MISO			
	50	\$6.00	\$300.00
No FTR in Day 1			

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$100.00
Off-System Sales Profit	\$150.00

**LG&ENERGY**

# MISO, Day 2: No Congestion



**Other MISO Generation**

Gen D	50MW	@ \$ 10
Gen C	50MW	@ \$ 6

**LG&E/KU Generation**

Gen B	50MW	@ \$ 3
Gen A	100MW	@ \$ 1

## Current AFB Source Stack

	MW	Price	Revenue
Gen. A	100	\$1.00	\$100.00
Gen. B	50	\$3.00	\$150.00
Off-System Purchases from MISO			

## Current AFB Sink Stack

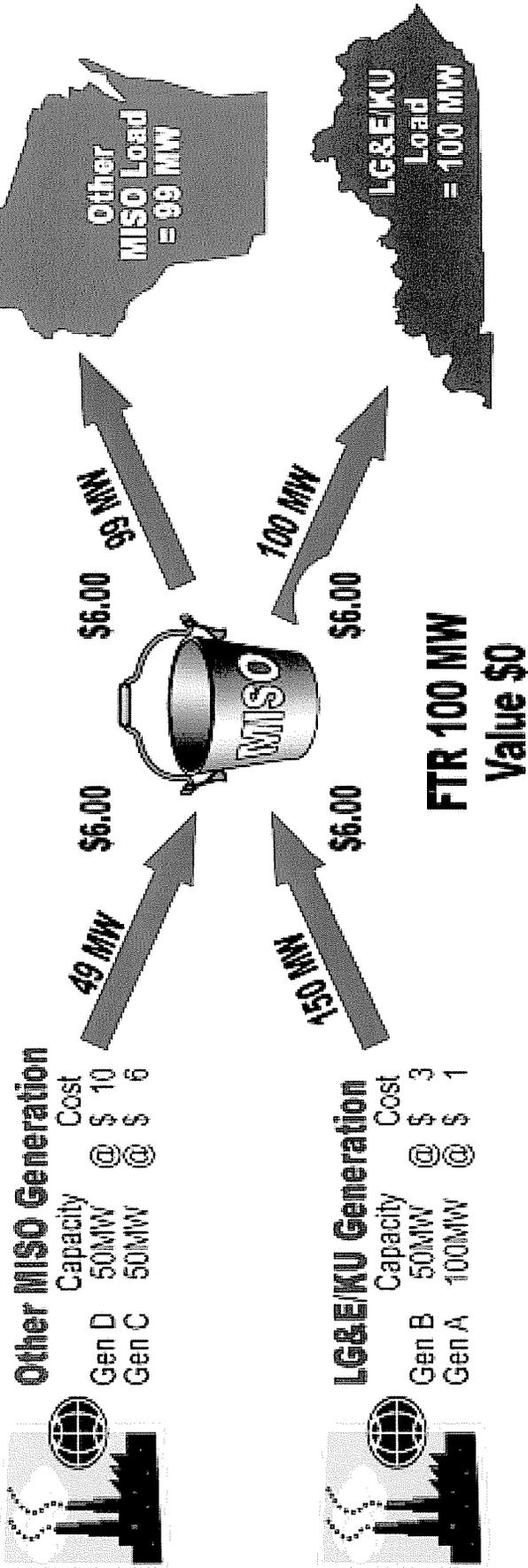
	MW	Price	Revenue
LG&E/KU Load	100	\$6.00	\$600.00
Off-Sys. Sales to MISO	50	\$300.00	\$150.00
No FTR in Day 1			\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$100.00
Off-System Sales Profit	\$150.00



# MISO, Day 2: No Congestion



## Current AFB Source Stack

	MW	Price	Revenue
Gen. A	100	\$1.00	\$100.00
Gen. B	50	\$3.00	\$150.00
Off-Sys. Purch. from MISO	100	\$6.00	\$600.00

## Current AFB Sink Stack

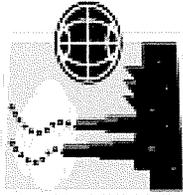
	MW	Price	Revenue
LG&E/KU Load	100	\$6.00	\$600.00
Off-Sys. Sales to MISO	50	\$6.00	\$300.00
FTR Credit or (Loss)			\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$100.00
Off-System Sales Profit	\$150.00
FTR	\$0.00
Total LG&E/KU Profit	\$150.00

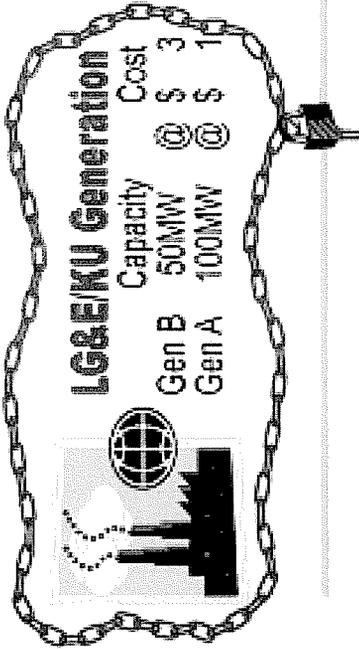
**LG&ENERGY**

# MISO, Day 1: With Congestion



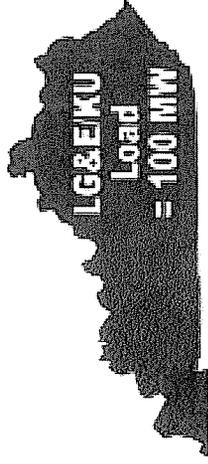
## Other MISO Generation

Gen D	Capacity	Cost
Gen C	50MW	\$ 10
	@	\$ 6
	50MW	@

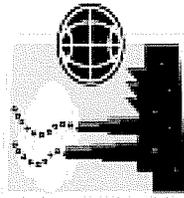


## LG&E/KU Generation

Gen B	Capacity	Cost
Gen A	50MW	\$ 3
	@	\$ 1
	100MW	@



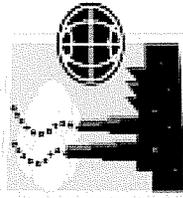
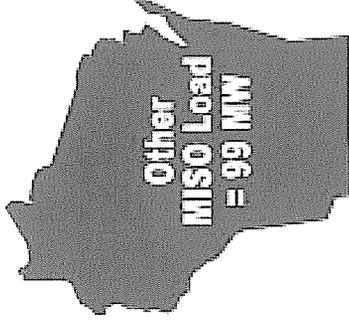
# MISO, Day 1: With Congestion



## Other MISO Generation

Capacity	Cost
50MW	\$ 10
50MW	\$ 6

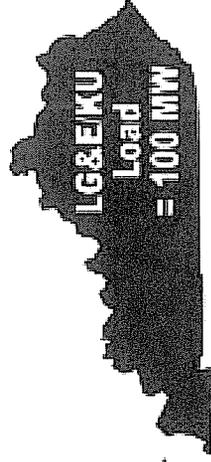
Gen D @  
Gen C @



## LG&E/KU Generation

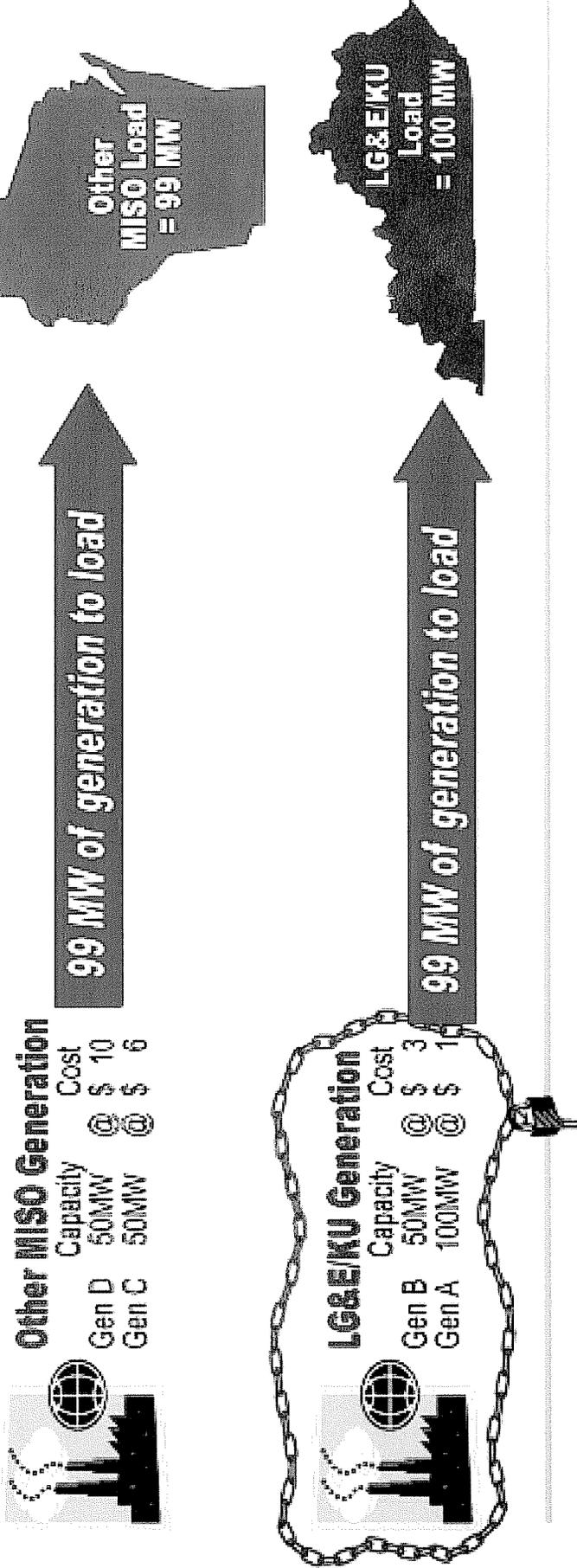
Capacity	Cost
50MW	\$ 3
100MW	\$ 1

Gen B @  
Gen A @

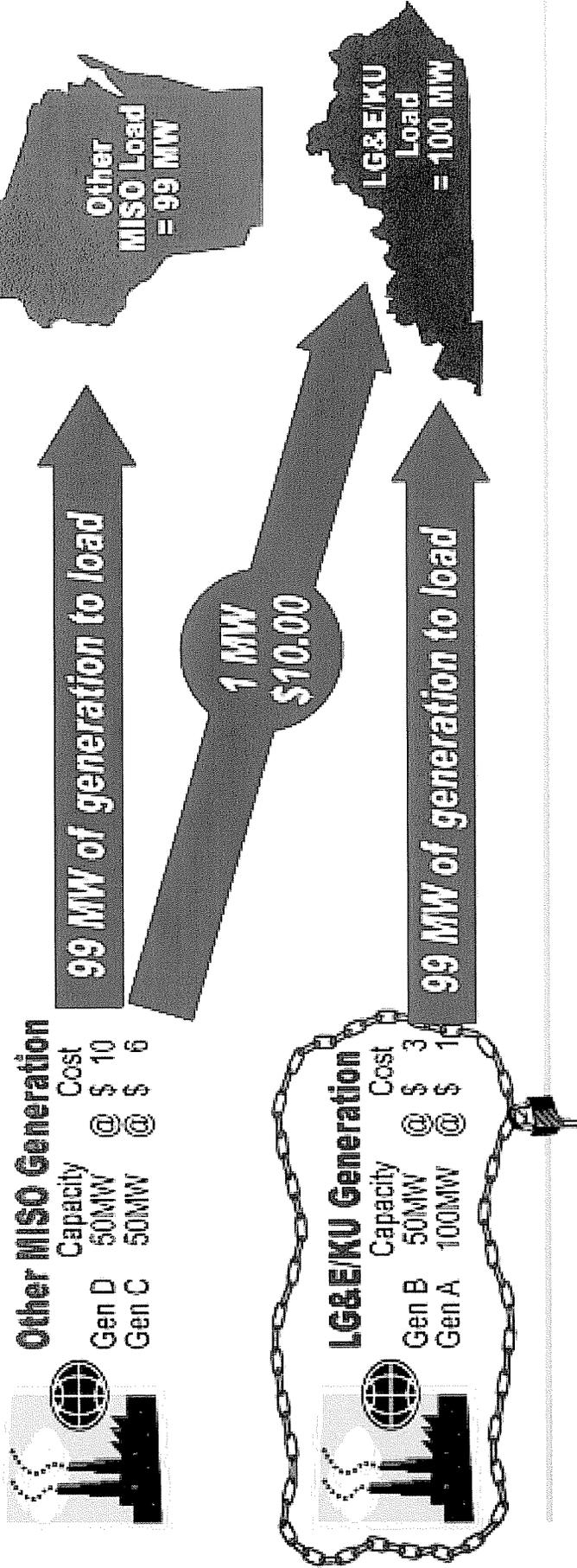


99 MW of generation to load

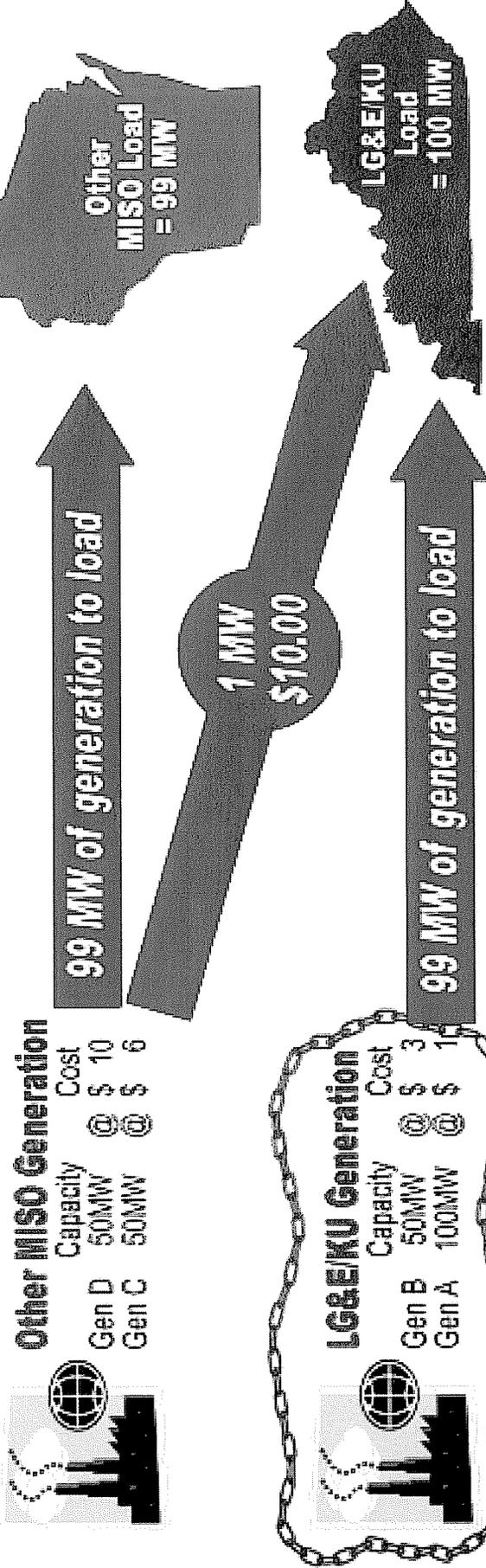
# MISO, Day 1: With Congestion



# MISO, Day 1: With Congestion



# MISO, Day 1: With Congestion

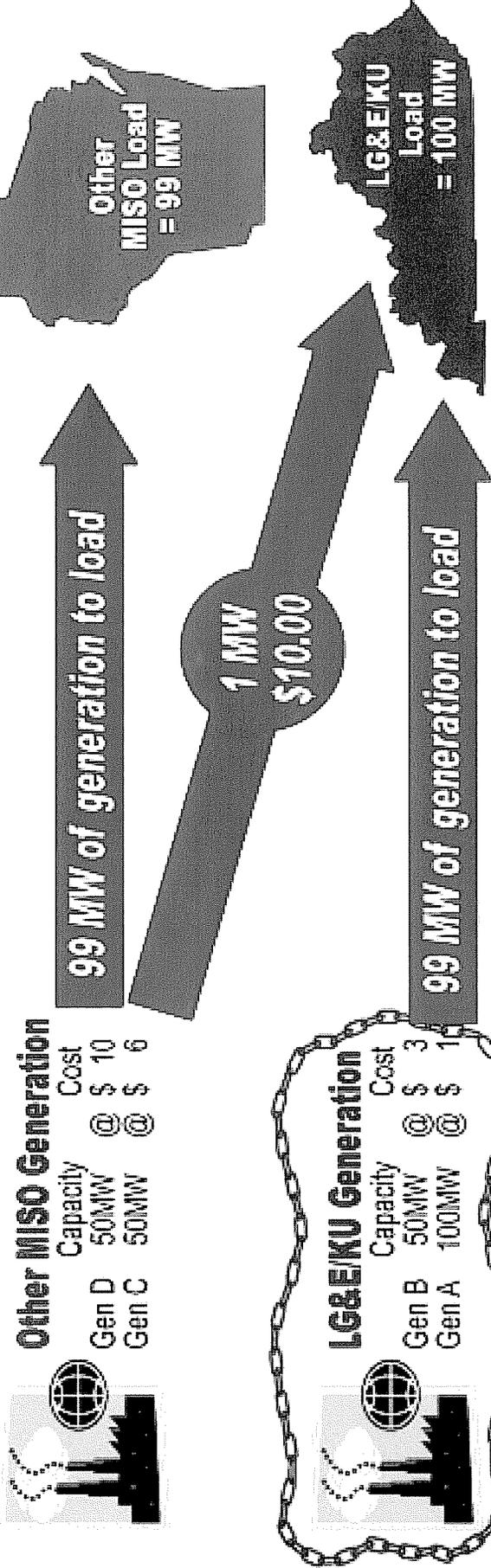


## Current AFB Source Stack

	MW	
Gen. A	99	\$1.00
Gen. B	0	\$0.00
Off-System Purchases		



# MISO, Day 1: With Congestion



## Current AFB Source Stack

	MW
Gen. A	99
Gen. B	0
Off-System Purchases	

	Price	Revenue
Off-System Sales	\$0.00	\$0.00
No FTR in Day 1		\$0.00

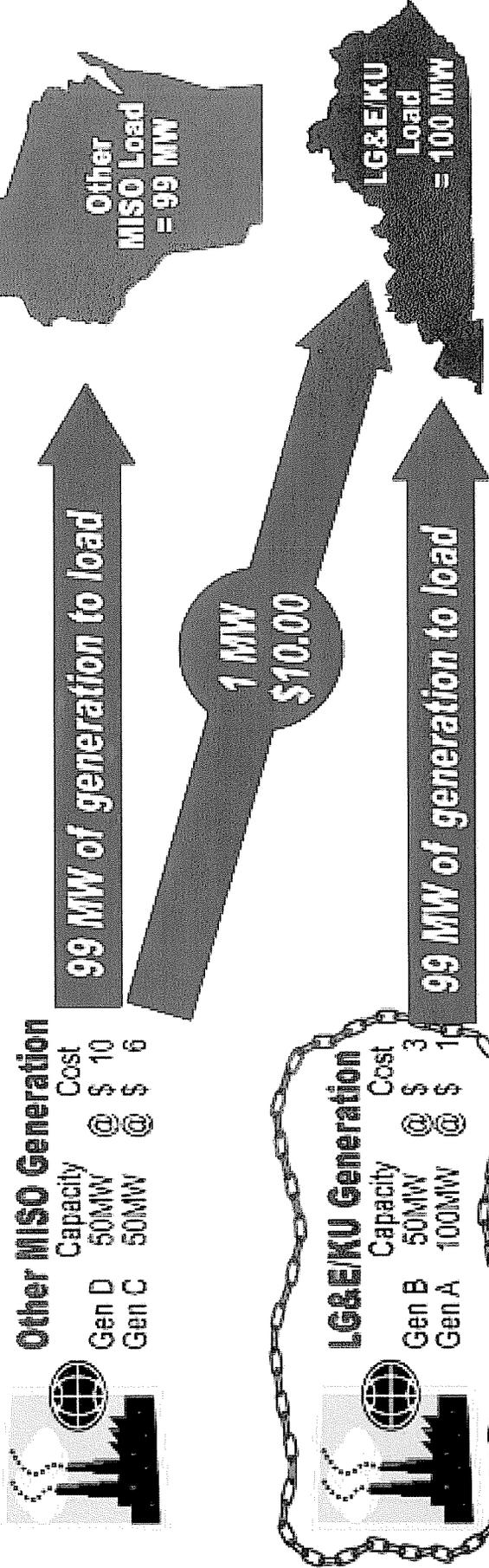
## Current AFB Sink Stack

	MW
LG&E/KU Load	100

	Price	Revenue
Off-System Sales	\$0.00	\$0.00
No FTR in Day 1		\$0.00



# MISO, Day 1: With Congestion



## Current AFB Source Stack

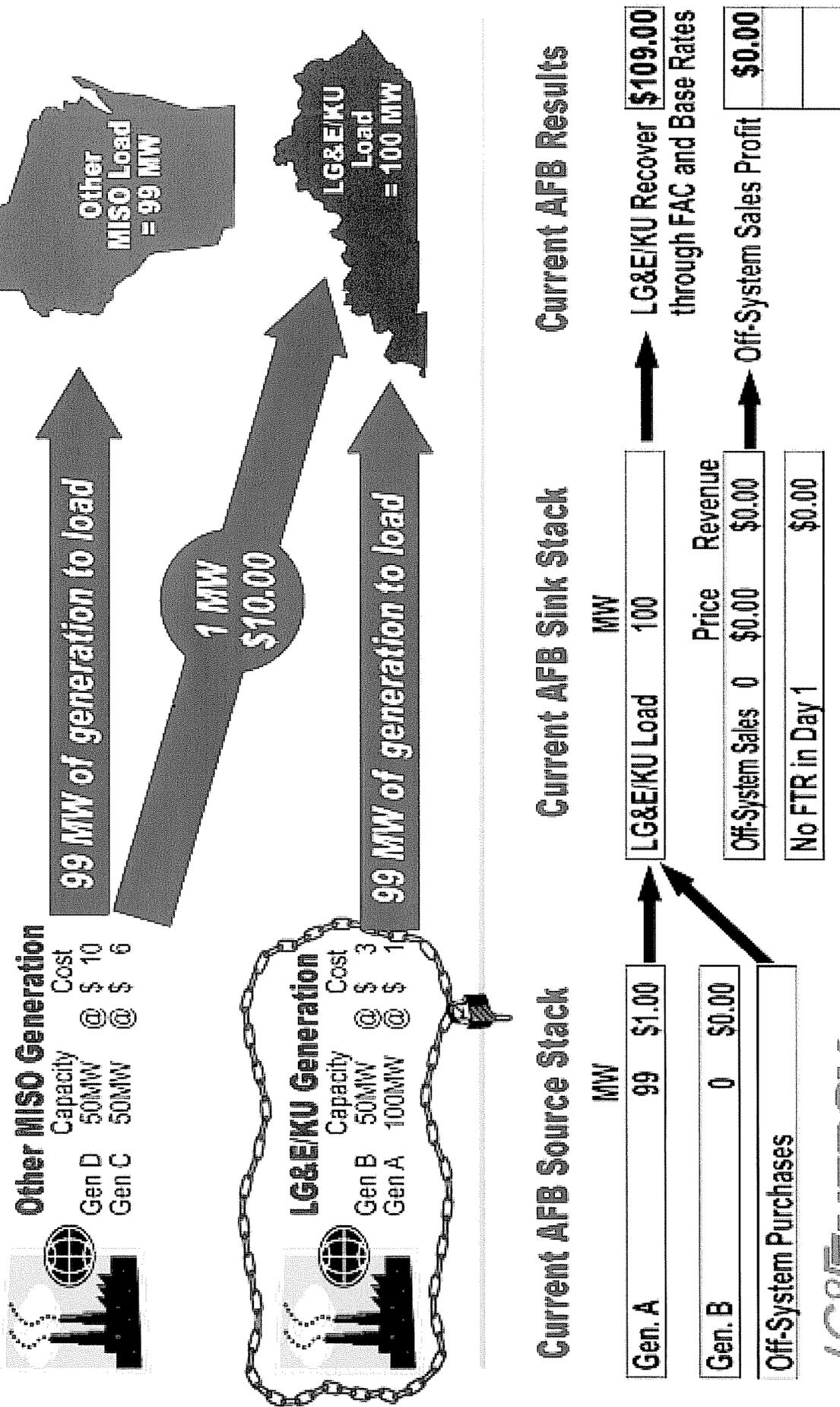
	MW	Price	Revenue
Gen. A	99	\$1.00	
Gen. B	0	\$0.00	
Off-System Purchases			

## Current AFB Sink Stack

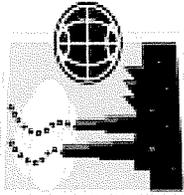
	MW	Price	Revenue
LG&E/KU Load	100		
Off-System Sales	0	\$0.00	\$0.00
No FTR in Day 1			\$0.00



# MISO, Day 1: With Congestion

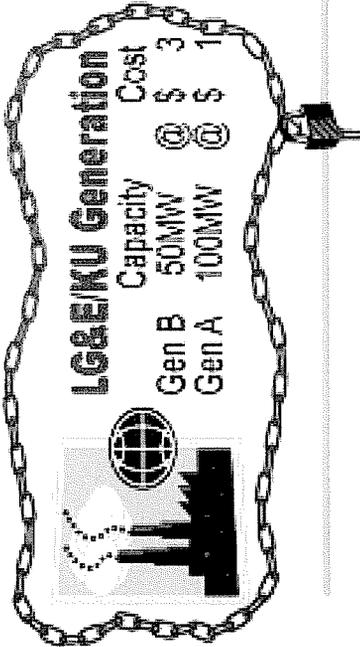
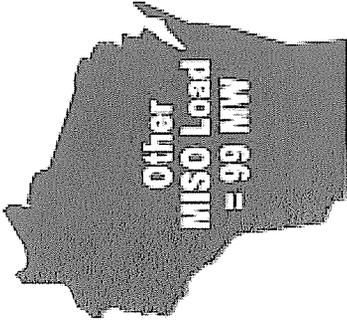


# MISO, Day 2: With Congestion



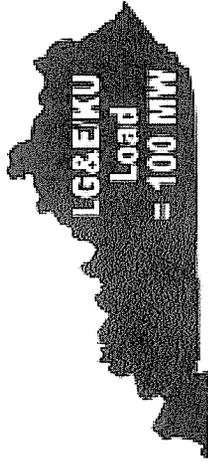
## Other MISO Generation

Capacity Cost  
 Gen D 50MW @ \$ 10  
 Gen C 50MW @ \$ 6



## LG&E/KU Generation

Capacity Cost  
 Gen B 50MW @ \$ 3  
 Gen A 100MW @ \$ 1



### Current AFB Source Stack

	MW	
Gen. A	99	\$1.00
Gen. B	0	\$0.00
Off-Sys. Purch. from MISO	1	\$10.00

### Current AFB Sink Stack

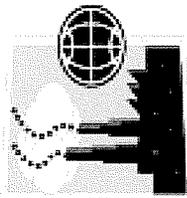
	MW	
LG&E/KU Load	100	
Off-Sys. Sales to MISO	0	\$0.00
No FTR in Day 1		\$0.00

### Current AFB Results

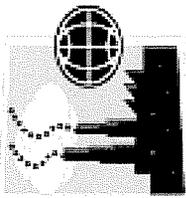
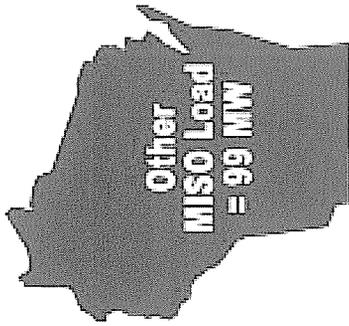
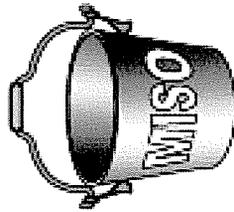
LG&E/KU Recover through FAC and Base Rates	\$109.00
Off-System Sales Profit	\$0.00



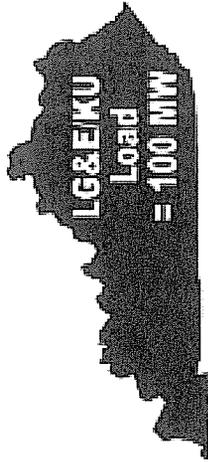
# MISO, Day 2: With Congestion



**Other MISO Generation**  
 Capacity Cost  
 Gen D 50MW @ \$ 10  
 Gen C 50MW @ \$ 6



**LG&E/KU Generation**  
 Capacity Cost  
 Gen B 50MW @ \$ 3  
 Gen A 100MW @ \$ 1



## Current AFB Source Stack

	MW	Price
Gen. A	99	\$1.00
Gen. B	0	\$0.00
Off-Sys. Purch. from MISO	1	\$10.00

## Current AFB Sink Stack

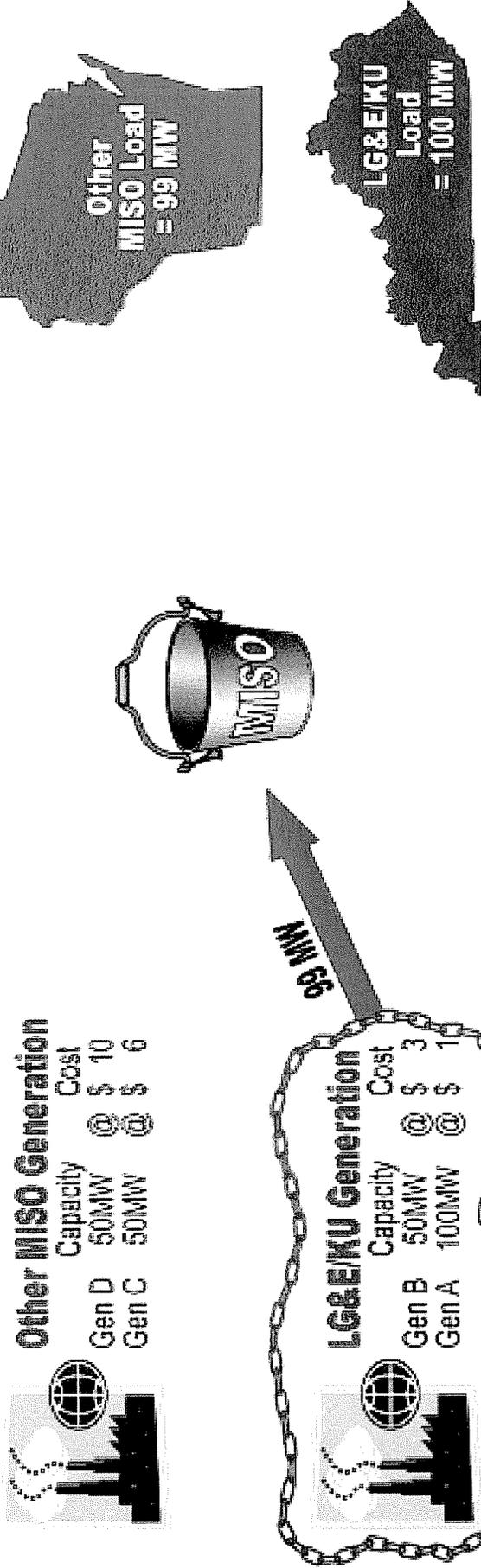
	MW	Price
LG&E/KU Load	100	\$0.00
Off-Sys. Sales to MISO	0	\$0.00
No FTR in Day 1		\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$109.00
Off-System Sales Profit	\$0.00

**LG&ENERGY**

# MISO, Day 2: With Congestion



## Current AFB Source Stack

	MW	Price	Revenue
Gen. A	99	\$1.00	\$99.00
Gen. B	0	\$0.00	\$0.00
Off-Sys. Purch. from MISO	1	\$10.00	\$10.00

## Current AFB Sink Stack

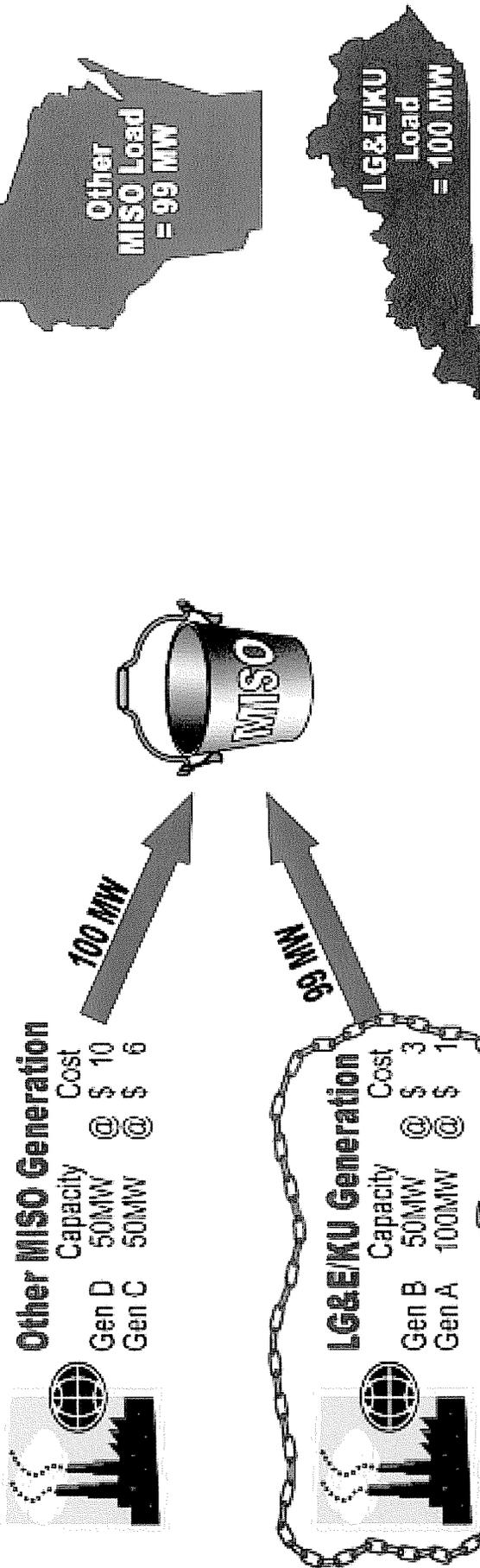
	MW	Price	Revenue
LG&E/KU Load	100	\$0.00	\$0.00
Off-Sys. Sales to MISO	0	\$0.00	\$0.00
No FTR in Day 1			\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$109.00
Off-System Sales Profit	\$0.00

**LG&ENERGY**

# MISO, Day 2: With Congestion



**Current AFB Source Stack**

	MW
Gen. A	99 \$1.00
Gen. B	0 \$0.00
Off-Sys. Purch. from MISO	1 \$10.00

**Current AFB Sink Stack**

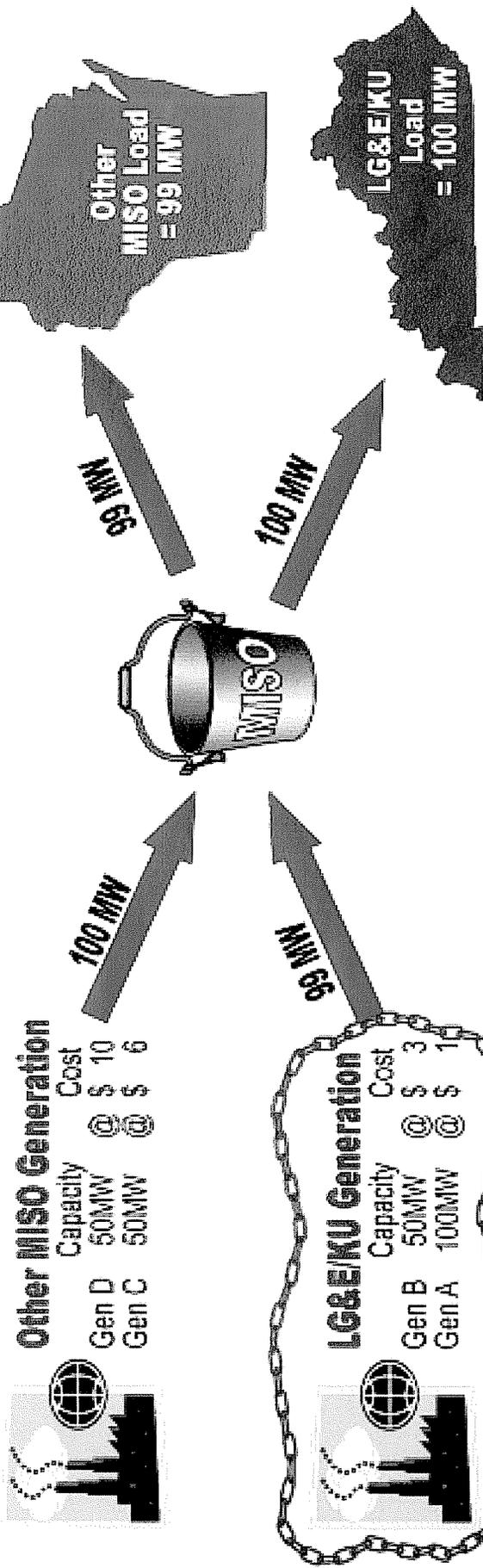
	MW
LG&E/KU Load	100
Price Revenue	
Off-Sys. Sales to MISO	0 \$0.00
No FTR in Day 1	\$0.00

**Current AFB Results**

LG&E/KU Recover through FAC and Base Rates	\$109.00
Off-System Sales Profit	\$0.00



# MISO, Day 2: With Congestion



**Other MISO Generation**

Capacity	Cost
Gen D 50MW	@ \$ 10
Gen C 50MW	@ \$ 6

**LG&E/KU Generation**

Capacity	Cost
Gen B 50MW	@ \$ 3
Gen A 100MW	@ \$ 1

**Other MISO Load = 99 MW**

**LG&E/KU Load = 100 MW**

## Current AFB Source Stack

	MW	Price	Revenue
Gen. A	99	\$1.00	\$99.00
Gen. B	0	\$0.00	\$0.00
Off-Sys. Purch. from MISO	1	\$10.00	\$10.00

## Current AFB Sink Stack

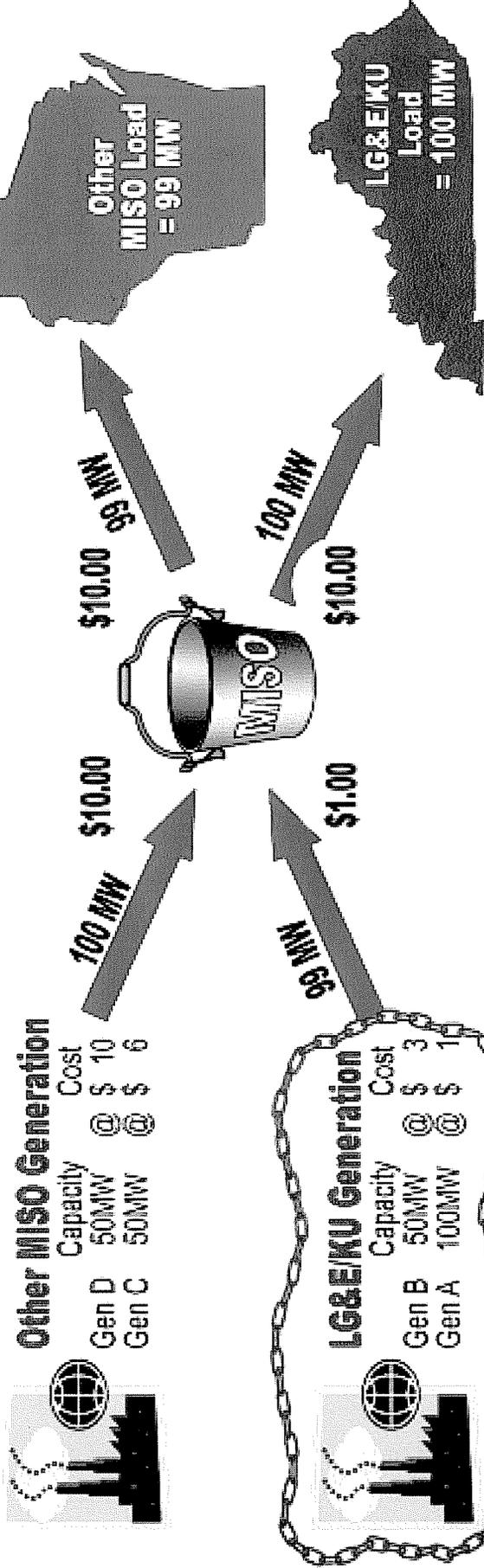
	MW	Price	Revenue
LG&E/KU Load	100	\$0.00	\$0.00
Off-Sys. Sales to MISO	0	\$0.00	\$0.00
No FTR in Day 1			\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	<b>\$109.00</b>
Off-System Sales Profit	<b>\$0.00</b>



# MISO, Day 2: With Congestion



## Current AFB Source Stack

	MW	
Gen. A	99	\$1.00
Gen. B	0	\$0.00
Off-Sys. Purch. from MISO	1	\$10.00

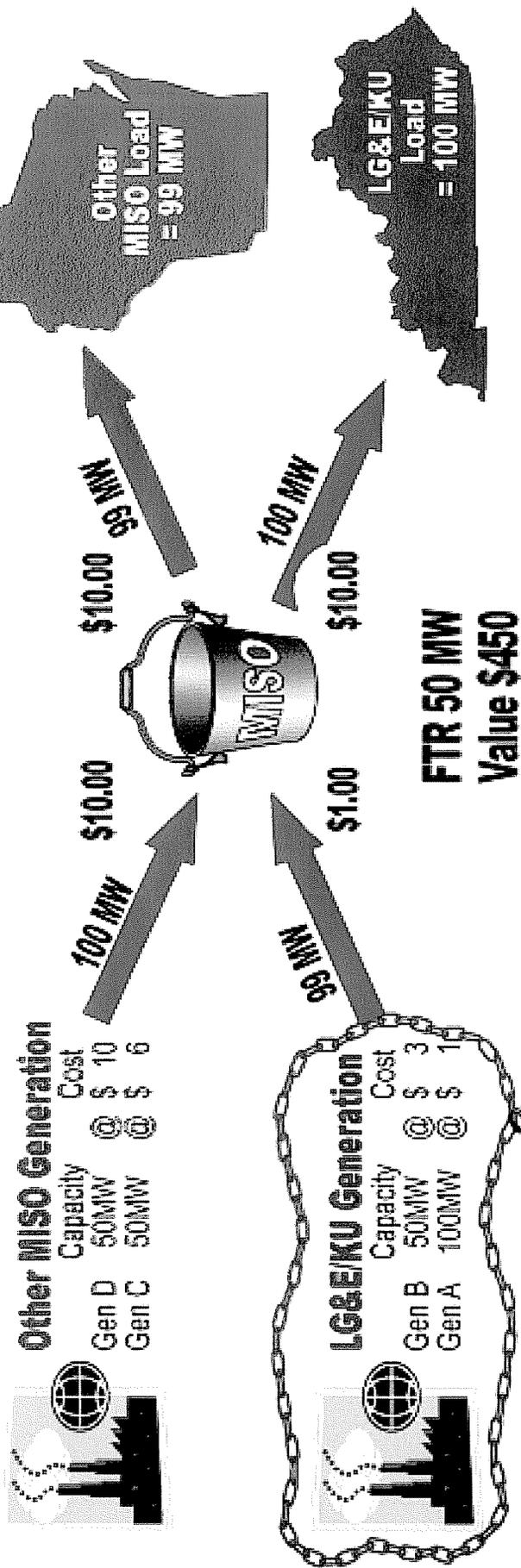
## Current AFB Sink Stack

	MW	
LG&E/KU Load	100	
Price Revenue		
Off-Sys. Sales to MISO	0	\$0.00
No FTR in Day 1		\$0.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$109.00
Off-System Sales Profit	\$0.00

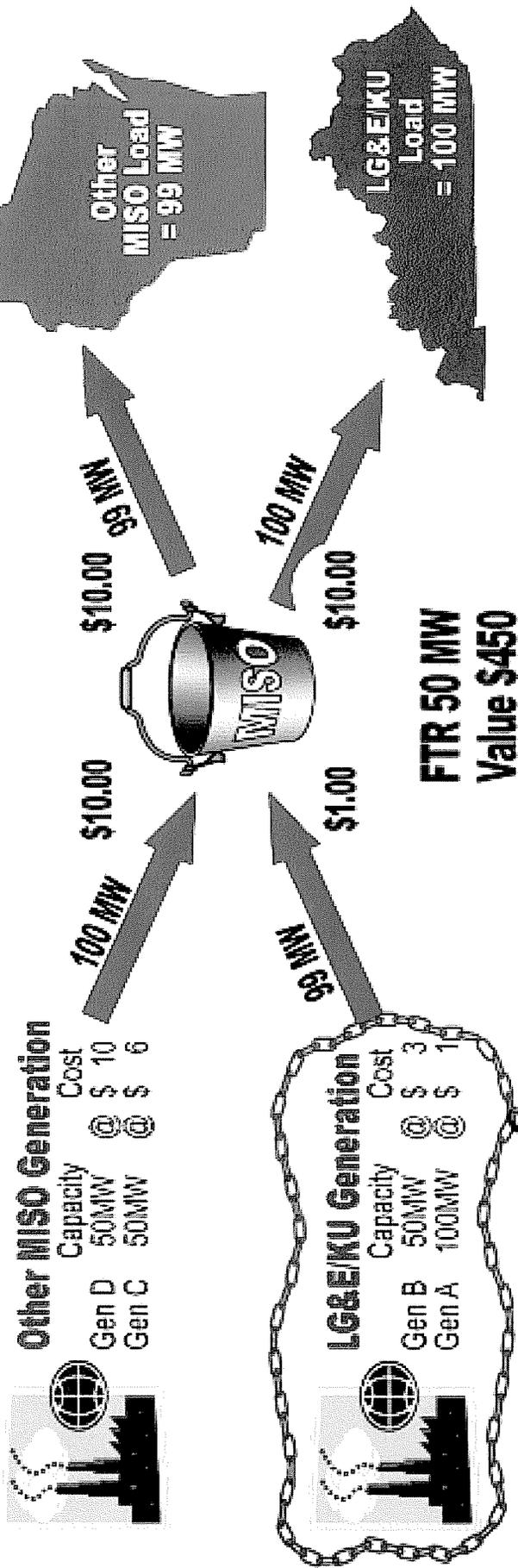
# MISO, Day 2: With Congestion



Current AFB Source Stack		Current AFB Sink Stack		Current AFB Results	
	MW		MW		
Gen. A	99	LG&E/KU Load	100	LG&E/KU Recover	\$109.00
Gen. B	0	Off-Sys. Sales to MISO	0	through FAC and Base Rates	
Off-Sys. Purch. from MISO	1	No FTR in Day 1		Off-System Sales Profit	\$0.00



# MISO, Day 2: With Congestion



## Current AFB Source Stack

	MW	Price	Revenue
Gen. A	99	\$1.00	\$99.00
Gen. B	0	\$0.00	\$0.00
Off-Sys. Purch. from MISO	100	\$10.00	\$1000.00

## Current AFB Sink Stack

	MW	Price	Revenue
LG&E/KU Load	100	\$1.00	\$100.00
Off-Sys. Sales to MISO	99	\$99.00	\$9801.00
FTR Credit or (Loss)			\$450.00

## Current AFB Results

LG&E/KU Recover through FAC and Base Rates	\$109.00
Off-System Sales Profit FTR	(\$891.00)
Total LG&E/KU Profit	(\$450.00)
Total LG&E/KU Profit	(\$441.00)

